

Introduced by: Mayor  
Date: 09/20/22  
Action: Withdrawn by the Sponsor

**KENAI PENINSULA BOROUGH  
ORDINANCE 2022-19-17**

**AN ORDINANCE AUTHORIZING THE ACQUISITION OF REAL PROPERTY LOCATED AT 3964 BARTLETT STREET, HOMER, ALASKA ON BEHALF OF THE SOUTH PENINSULA HOSPITAL SERVICE AREA, APPROPRIATING \$640,000 FROM THE SOUTH PENINSULA HOSPITAL PLANT REPLACEMENT AND EXPANSION FUND FOR THE PURCHASE, AND AUTHORIZING A THIRD AMENDMENT TO THE OPERATING AGREEMENT WITH SOUTH PENINSULA HOSPITAL, INC.**

**WHEREAS,** the Kenai Peninsula Borough ("Borough") owns and provides for the operation of South Peninsula Hospital ("Hospital") through the South Kenai Peninsula Hospital Service Area, ("Service Area"); and

**WHEREAS,** the Borough has entered into an operating agreement with South Peninsula Hospital, Inc. ("SPHI") for the lease and operation of the Hospital and other medical facilities, to operate these medical facilities on a nonprofit basis in order to ensure the continued availability of the medical services to the service area residents and visitors; and

**WHEREAS,** SPHI learned through a real estate agent of an opportunity to purchase the property located at 3964 Bartlett Street, Homer, Alaska (the "Property"), as a way to address short-term housing challenges confronting SPHI for its employees and contractors; and

**WHEREAS,** an independent fair market value appraisal was completed by Appraisal Specialist of Kenai on August 3, 2022, who provided an appraised value determination of \$570,000.00; and

**WHEREAS,** SPHI currently occupies 25 residential rental properties at a monthly cost of approximately \$35,000.00, which are being used for short-term, transitional housing for contractors, visiting physicians and new staff recruits; and

**WHEREAS,** the Property consists of a .17 acre lot and a 2,404 square foot, six-bedroom residential building; and

**WHEREAS,** upon purchase it is appropriate to amend the Operating Agreement with SPHI to include the Property; and

**WHEREAS,** the South Peninsula Hospital Plant Replacement and Expansion Fund has a current balance of approximately \$5.9 million; and

**WHEREAS**, the SPHI Board of Directors at its meeting of July 27, 2022, adopted Board Resolution 2022-10 approving the purchase of the Property; and

**WHEREAS**, the Service Area Board, at its meeting of August 11, 2022, recommended approval of the acquisition; and

**WHEREAS**, the Kenai Peninsula Borough Planning Commission, at its regular meeting of September 26, 2022 recommended\_\_\_\_\_;

**NOW, THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:**

**SECTION 1.** That the assembly finds that purchasing the Property, described below, pursuant to KPB 17.10.040 is in the best interests of the Borough as it furthers the purposes of the Service Area to provide health care services:

LOT TWENTY-SEVEN-C ONE (27-C1) BUNNELL'S  
SUBDIVISION FORTIN REPLAT, according to Plat No. 2006-  
65, in the Homer Recording District, Third Judicial District, State  
of Alaska. (PARCEL NO. 175-133-42)

**SECTION 2.** That the terms and conditions substantially in the form of the Purchase Agreement accompanying this ordinance are hereby approved. The purchase price shall be \$570,000.00 for the real property, \$50,000.00 for all included furnishings and other related personal property as defined in the Purchase Agreement, plus closing and due diligence costs not to exceed \$20,000.

**SECTION 3.** That this acquisition is for the purposes of short-term housing for SPHI employees and contractors.

**SECTION 4.** That the above-described land is zoned "Medical" pursuant to the City of Homer zoning code and therefore is not proposed to be further classified under KPB 17.10.080.

**SECTION 5.** That the mayor, or his designee, is authorized to execute any and all documents necessary to purchase the Property described in Section 1 in accordance with the terms and conditions contained in this ordinance and the accompanying Purchase Agreement, consistent with applicable provisions of KPB Chapter 17.10.

**SECTION 6.** That \$640,000.00 is appropriated from the SPH Plant Replacement and Expansion Fund Account No. 491.20602 to Account No. 491.81210.23HOU.49999 for the purchase of the Property, and estimated closing costs.

**SECTION 7.** That upon closing on the Property described in Section 1, the mayor, or his designee, is authorized to execute an amendment to the SPH Operating Agreement with SPHI substantially in the form of the Third Amendment to the Operating Agreement attached hereto and incorporated herein by reference. This document amends Exhibit A of the Operating Agreement to include the Property described in Section 1 of this ordinance.

**SECTION 8.** That the appropriations made in this ordinance are of a project length nature and as such do not lapse at the end of any particular fiscal year.

**SECTION 9.** That this ordinance shall be effective immediately upon enactment.

**ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS \* DAY OF \* 2022.**

\_\_\_\_\_  
Brent Johnson, Assembly President

ATTEST:

\_\_\_\_\_  
Johni Blankenship, MMC, Borough Clerk

Yes:

No:

Absent: